

Message Text

LIMITED OFFICIAL USE

PAGE 01 TAIPEI 05199 01 OF 02 070858Z
ACTION EB-08

INFO OCT-01 EA-10 IO-13 AGRE-00 CIAE-00 COME-00 INR-10
LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03 OMB-01
L-03 EUR-12 ISO-00 /074 W
-----119010 070959Z /14
P 070833Z AUG 78
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC PRIORITY 8490
INFO USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 01 OF 02 TAIPEI 05199

GENEVA FOR PHELAN

E.O. 11652: N/A
TAGS: EPAP, TW
SUBJECT: TEXTILES: USG/ROC CONSULTATIONS

1. USG AND ROC TEXTILE OFFICIALS CONCLUDED FIVE DAYS OF
CONSULTATIONS AUGUST 4. FOLLOWING ARE PRINCIPAL RESULTS
OF TALKS.

2. CATEGORY 331 TO BE A SPECIFIC LIMIT EFFECTIVE JANUARY
1, 1978 (RETROACTIVE) WITH THREE PERCENT GROWTH AND SIX
PERCENT SWING.

3. CONSULTATION LEVELS IN CATEGORIES 317, 320, AND 659
FOR FIRST AGREEMENT YEAR RAISED TO 7 MSYE, 20 MSYE, AND
7 MILLION POUNDS RESPECTIVELY.

4. SUBLIMIT ON CATEGORY 669 (FISHNETS) RAISED TO 100,000
POUNDS FOR FIRST AGREEMENT YEAR WITH INCREASE TO BE
USED ONLY TO BEGIN REPAYMENT OF OVERSHIPMENT. ROC ADVISED
USTEXDEL THAT PRESENT LEVEL OF 81,410 POUNDS ALREADY FULLY
LICENSED AND NEARLY FULLY SHIPPED. ROC TO PAY BACK
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TAIPEI 05199 01 OF 02 070858Z

REMAINING 58,175 POUNDS OVER NEXT THREE YEARS, AND
CONSULTATION LEVEL FOR SECOND AGREEMENT YEAR TO BE
DETERMINED LATER THIS YEAR.

5. SPECIFIC LIMIT LEVEL FOR CATEGORIES 645/6 (SWEATERS)
FOR SECOND AGREEMENT YEAR SHALL BE AS IN 1978, I.E.,
3,785,919 DOZENS - A CONTINUATION OF THE SIX PERCENT

REDUCTION FROM NOTIONAL 1977 LEVEL. IN ADDITION, SWING REDUCED TO THREE PERCENT AND CARRY FORWARD TO 5.65 PERCENT BASED ON LEVEL OF 4,027,573 DOZENS PER PARA 3(B) OF CURRENT BILATERAL.

COMMENT: THIS IS A MAJOR BREAKTHROUGH FOR USG. NOT ONLY IS THE REDUCED 1978 BASE LEVEL MAINTAINED FOR 1979, BUT SWING AND CARRY FORWARD HAVE BEEN REDUCED, GIVING AN COMMENT: THIS IS A MAJOR BREAKTHROUGH FOR USG. NOT EFFECTIVE, FURTHER REDUCTION IN THIS HIGHLY IMPACTED CATEGORY OF MORE THAN 4.5 PERCENT. IN TURN, THIS SETTLEMENT WITH ROC SHOULD NOW ENABLE US TO GO BACK TO HONG KONG AND REQUEST SIMILAR TREATMENT UNDER EQUITY GROUNDS. MILLS OF HKG TOLD USTEXDEL WE WOULD NEVER GET ROC TO STANDSTILL FOR 1979. NOW, HE HAS BEEN PROVEN WRONG, AND HE SHOULD NOW BE ABLE TO FIND HIS WAY CLEAR TO MATCHING ROC CONCESSION. END COMMENT.

6. USTEXDEL AGREED THAT FOR CATEGORY 638 (MEN'S SHIRTS), THE MAXIMUM PERMISSABLE SHIPMENTS FOR THE FIRST AGREEMENT YEAR ONLY, INCLUDING ALL ADJUSTMENTS AND INCLUDING THE REPAYMENT FOR 1977 OVERSHIPMENT, MAY NOT EXCEED 1,900,000 DOZENS. ROC PAID FOR THIS IN 645/6 AND BY REDUCING THE SPECIFIC LIMIT FOR CATEGORY 639 (WGI SHIRTS) TO 4,605,431 DOZENS. (ST. JOHN AND GOTTFRIED - PLEASE NOTE NEW FIGURE FOR 639. ROC ADVISED SMITH SATURDAY MORNING THAT OUR FIGURE OF 4,767,696 WAS QUOTE TOO GENEROUS. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TAIPEI 05199 01 OF 02 070858Z

SMITH DID NOT DISSENT).

7. ROC ACCEPTED ALL USG OVERSHIPMENT FIGURES AND AGREED TO REPAY MOST FULLY IN 1978 AGREEMENT YEAR. ST. JOHN AND GOTTFRIED HAND -CARRYING REPAYMENT SCHEDULES.

COMMENT: ROC ATTITUDE ON OVERSHIPMENT ISSUE WAS MOST COOPERATIVE AND IN SHARP CONTRAST TO BATTLE WITH HONG KONG. END COMMENT.

8. FROM COMPUTER FIGURES GIVEN USTEXDEL BY ROC, ROC APPEARS TO BE MAINTAINING REASONABLE SPACING PATTERN. COMMENT: ROC'S COMPUTER PRINTOUT IS IMPRESSIVE AND PROVIDES, ADDITIONALLY, A DOLLAR VALUE FOR ALL SHIPMENTS IN ALL CATEGORIES ON AN FOB BASIS. SUCH DOLLAR SPECIFICITY SHOULD BE QUITE HELPFUL IN DEVELOPING MARKET DATA. ROC HAS AGREED TO PROVIDE SUCH A PRINTOUT ON A MONTHLY BASIS. END SUMMARY.

9. KNIT/WOVEN MIX FOR TAILORED CLOTHING WAS ALSO DISCUSSED AND IS BEING REPORTED SEPTEL. THERE APPEARS TO BE NO PROBLEM.

10. COUNTERFEITING AND TRADEMARK PROBLEMS WERE DISCUSSED PRIVATELY, AND ROC WAS ADVISED THAT THIS WAS BECOMING A

MATTER OF INCREASING CONCERN TO BOTH INDUSTRY AND GOVERNMENT. ROC'S ATTENTION WAS DRAWN TO MTN JULY GENEVA FINAL STATEMENT INCLUSION OF THIS SUBJECT. Y.T. WONG ASSURED SMITH THAT ROC WILL MOVE PROMPTLY ON MATTERS BROUGHT TO ROC'S ATTENTION AND REPEATED HIS REQUEST OF LAST FEBRUARY THAT WE COMMUNICATE DIRECTLY WITH H.K. SHAO OF BOFT WHEN ANY SUSPECTED SPECIFIC TEXTILE INFRINGEMENT ARISES.

COMMENT: IT IS ESSENTIAL, Y.T. WONG SAID, THAT U.S. FIRMS REGISTER THEIR TRADEMARKS IN ROC. WITHOUT SUCH REGISTRATION, WONG SAID ROCG IS RELATIVELY HELPLESS. COMMERCE MAY WISH TO CONSIDER URGING ITS EXPORTERS,

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 TAIPEI 05199 02 OF 02 070901Z

ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CIAE-00 COME-00

INR-10 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03

OMB-01 L-03 EUR-12 /074 W

-----119024 071000Z /14

P 070833Z AUG 78

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC PRIORITY 8491

INFO USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 02 OF 02 TAIPEI 05199

IMPORTERS, AND MILTAC ADVISORY COMMITTEES TO BE SURE US TEXTILE AND APPAREL FIRMS HAVE REGISTERED THEIR TRADEMARKS IN ROC IF THEY SUSPECT ROC ENTREPRENEURS ARE ILLEGALLY USING SUCH TRADEMARKS. END SUMMARY.

11. COMMENT: THIS ROUND OF CONSULTATIONS WAS BOTH EASY AND TOUGH. THE CRUNCH CAME ON THE SWEATERS (AS EXPECTED), AND USTEXDEL BELIEVES THE PRICE USG PAID IN CATEGORY 638 WAS WELL WORTH IT, DESPITE US INDUSTRY OPPOSITION TO ANY SHIFT INTO CATEGORY 638. THE ROC NEGOTIATORS ARE NATURALLY CONCERNED THAT ROC NOT BE PLACED IN AN INEQUITABLE POSITION VIS A VIS ITS MAJOR COMPETITORS (KOREA AND HONG KONG) WHICH IS ALL THE MORE REASON WE SHOULD EXERT MAXIMUM PRESSURE ON HONG KONG TO MATCH ROC'S CONCESSION ON 645/6.

IN A WAY, THE ROC IS AT A DISADVANTAGE IN NOT BEING A MFA MEMBER, SOMETHING WHICH THE EC AND CANADA HAVE

EXPLOITED RUTHLESSLY. HENCE, THE ROC NEGOTIATORS MUST
RELY LARGELY ON THE IMPORTING COUNTRY'S SENSE OF FAIR
PLAY AND THEIR OWN NEGOTIATING SKILLS. USTEXDEL BELIEVES
THERE WAS FAIR PLAY IN THIS ROUND - THE ROC OBTAINED
IMMEDIATE HELP WHERE IT NEEDED IT THE MOST (CATEGORY 638)
AND THE USG GOT HELP WHERE IT NEEDED IT (CATEGORY 645/6)
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TAIPEI 05199 02 OF 02 070901Z

NOT ONLY WITH REGARD TO THE ROC BUT ALSO AS A LEVER TO
BE USED ELSEWHERE. END COMMENT
UNGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TAIPEI05199
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780322-0717
Format: TEL
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780890/aaaacxpq.tel
Line Count: 185
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0e579a67-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1815209
Secure: OPEN
Status: NATIVE
Subject: TEXTILES: USG/ROC CONSULTATIONS
TAGS: EPAP, TW
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0e579a67-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014